

5 Trends That Are Changing Customer Engagement



Introduction

It feels clichéd at this point to say the Covid-19 pandemic was a turning point, ushering in a new playbook for customer interactions. But it undeniably influenced an explosion of digital channels, a subsequent deluge of customer data, and accelerated rates of digital transformation. And these weren't temporary trends. They represented a widespread shift, into a new era for customer engagement.

To make matters more complicated, recent months have sparked fears of a global recession, leaving businesses in the complicated position of having to choose which technological investments and customer engagement strategies will be the most cost-effective (and yield the highest ROI).

As we look ahead, we see a few fundamental themes emerge: a focus on data agility, omnichannel engagement, and data privacy. In this guide, we look closer at the five noteworthy trends that are fueling this customer engagement evolution – and show how businesses can leverage this information to continue to grow and adapt.



Contents

Introduction	2
Trend #1: If data is the new oil, every business needs a refinery	4
How Vacasa strengthened omnichannel engagement	6
Trend #2: Customer engagement depends on flexibility and customizability	7
What does this customizability look like in practice?	9
Trend #3: From martech silos to an omnichannel stack	10
Trend #4: A new era for consumer privacy	12
Trend #5: A need for speed and digital agility	15
Conclusion	17
Recommended Reading	18

Trend #1: If data is the new oil, every business needs a refinery

For decades, brands have wondered how to best connect with their customers and provide amazing experiences. All along, the answer has been hiding in plain sight—or rather, in their data. But, as brands continue to serve their customers on more and more channels, one particular challenge – and opportunity – is emerging: they have too much data.

Every tap, scroll, click, and hover a user makes on your digital properties gives your brand a wealth of first-party information. In reality, the sheer volume of data you collect actually makes it more difficult to find meaningful customer insights that drive positive results. The average company manages [162.9TB of data](#), a number that soars to 347.6 TB for enterprise businesses. These numbers are only expected to grow, with global data creation projections estimating we'll reach [more than 180 zettabytes](#) by 2025—that's 180 followed by 21 zeros.



91% of businesses reported an increase in revenue due to their investments in digital customer engagement in the past year.

Source: [Twilio's State of Customer Engagement Report 2022](#)



And yet, despite the overwhelming importance of data, [only 14%](#) of companies have made it widely accessible to their employees. Data gatekeeping helps no one and the ones who suffer most are your customers. Marketing teams need two things: a way to access customer data and the tools to cut through the noise and zero in on actionable insights. Only then can they successfully leverage customer data to boost conversion and customer engagement.

Using data to find valuable customer insights is no longer like finding a needle in a haystack. Now, it's like searching for a needle in a stack of needles.

The first step towards becoming a data-driven organization? Finding a way to unify your customer's touchpoints across all platforms and channels. This not only allows your business to create a single view of your customer, but it also democratizes your data so every team can make better, more informed decisions.

Enter, the customer data platform.

With a customer data platform like [Twilio Segment](#), marketers can easily combine customer data and intelligence from any database or application in their tech stack to give their team a real-time, holistic view of the customer. Armed with this data, your team can more easily and quickly identify and act on data trends to build predictive cross-channel campaigns. Having the power to make sense of a chaotic mess of data is what your brand needs to build high-quality personalized experiences that engage customers at exactly the right time in their journey.

How Vacasa strengthened omnichannel engagement

Vacasa, a vacation rental platform, was looking for new and innovative ways to engage its customers while optimizing their marketing spend. They turned to [Twilio Engage](#) to help develop an intelligent customer engagement strategy, with a focus on personalized, omnichannel messaging (particularly via SMS and email).

With unified customer data at their fingertips, Vacasa quickly gained the 360-degree view they needed to make data-backed decisions. Their team was able to build custom audiences based on specific data attributes, which led to more relevant recommendations based on people's recent search history.

For example, Vacasa incentivizes users with email reminders after prices drop on recently-viewed units. Or, if Vacasa detects a night that's free between two reservations, SendGrid triggers an email prompting guests to consider adding an extra night.

With more than 30,000 properties across the United States, Central America, and Canada, on any given day Vacasa is able to communicate essential, relevant alerts to users, whether

it's potential travel restrictions for health and safety reasons or wildfires in high-risk regions. In fact, email marketing campaigns (which are sent to over 500K recipients) consistently reach over 21% open rates, well-above industry benchmarks. By personalizing subject lines based on user data and insights from A/B tests, Vacasa has seen an uptick in both engagement and bookings. (Users who open and click Vacasa's marketing emails are 3-10X more likely to book.)

In addition to email, Vacasa implemented SMS to get important information into the hands of customers more directly and remove friction from the check-in process. The morning guests arrive, they receive an email with smart lock entry codes. Then, just ahead of check-in time, Vacasa triggers a corresponding text message with the entry code, saving guests from the hassle of scrolling through their inbox to retrieve it.

In the end, Vacasa saw their bookings *triple*, proving the power of omnichannel engagement strategies.



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Trend #2: **Customer engagement depends on flexibility and customizability**

To fully understand and serve your users, you need a customer engagement tool that compliments—not complicates—your existing service operations. Unfortunately, the current customer engagement market is dominated by SaaS providers selling ineffective, one-size-fits-all systems. In order to properly leverage these systems, businesses have to either change their processes and organization to conform to these systems' limited functionality or muscle through using a mismatched combination of manual and automated processes.



80% of business leaders said consumers spend roughly 34% when their experience is personalized.

Source: [State of Personalization Report, 2022](#)



This is fundamentally the wrong approach for any business wanting to differentiate itself by building exceptional customer experiences. After all, if you're not offering something unique, then why should customers engage with your brand over another?

That, at its root, is why more and more businesses are investing in developer-first solutions. These platforms give businesses the building blocks they need to create systems that meet their every need, instead of compromising on form and functionality.

What does this customizability look like in practice?

When leading rideshare giant [Lyft](#) discovered its contact center associates had to navigate multiple tools and platforms to access the critical information they needed to serve customers and drivers, the company knew it needed a new scalable, omnichannel customer experience solution that could empower its team to serve customers quickly.

By partnering with [Twilio Flex](#), Lyft was able to create a custom “one-stop shop” for its associates, eliminating the constant context-switching that was harming customer relationships and creating extra work for their team. Using the company’s new custom contact center solution powered by Twilio Flex, Lyft’s associates had more context into rider and driver issues, empowering them to solve customer issues faster and more efficiently.

The right CX solution can help your agents quickly resolve customer issues across any channel, cross-sell products and services, and gather customer insights and feedback. But that’s only half of its potential.

A specialized solution’s real value is in how it helps build better experiences, winning customer loyalty with every interaction. The companies that are going to succeed over the next few decades will be the ones that take full advantage of this opportunity.

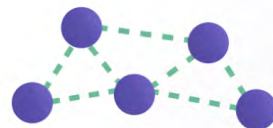
Learn how Twilio can help your business engage customers on any channel. [Talk to a Twilio expert.](#)



Trend #3: From martech silos to an omnichannel stack



An **omnichannel approach** is when every channel a business operates on is connected to provide continuity and a personalized customer experience.



A **multichannel approach** is when a business operates on multiple channels, but doesn't have the consolidated data to understand customers' complete, cross-channel journeys.

Most businesses are caught in a catch-22: adding more apps to their tech stack in an attempt to improve customer experiences, but unintentionally creating data silos in the process.

Today's consumers use, on average, [10 different channels to communicate](#) with a business (usually switching between [three different devices](#) in the process). But consumers still expect continuity as they move between touchpoints. In other words: they expect an omnichannel experience.

Omnichannel has become the most recent buzzword in customer communications, and with good reason. It differs from a multichannel strategy in its seamlessness: every interaction a business has with a customer is shaped by that person's historical and behavioral data (to date).

This ability to tailor customer interactions across channels, using real-time data, used to seem like a far-off reality – one that only the likes of Amazon or Netflix could pull off. But now, it's a basic requirement to win over users.

In fact, [45% of consumers](#) said that one unpersonalized experience was enough for them to abandon a brand for good. Now, businesses face the difficult task of capturing consumers' complete online and offline journeys, and then leveraging this data at the right moment.

But most companies haven't been able to pull this off. Only [35% of businesses](#) say they're successfully investing in omnichannel personalization, with the other 65% usually citing departmental silos and legacy infrastructure as the main obstacles in their path.

To meet today's standards, businesses need to embed a scalable data infrastructure into their operations. Customer data platforms act as the "pipes" throughout an organization's tech stack, centralizing customer data that's often fragmented between marketing, sales, customer support, and more. The ability to then send this data to any connected app or tool, and act on it in real-time, staves off developer dependencies that can stall campaign launches.

This checks off two important prerequisites to omnichannel personalization: having the right data, and the ability to use it. In fact, [73% of companies surveyed said that a customer data platform will be critical to their customer experience efforts](#) going forward.



In-App Messaging

For orders placed via mobile app, Deliveroo can send mobile push notifications to easily update users when their order has been confirmed, picked up, and delivered.



SMS

Deliveroo also texts its users to share order notifications, marketing messages, and customer service updates.



Voice

Trouble with drop-off? Customers can call their driver via a masked number, allowing them to communicate in real-time without compromising their privacy.



WhatsApp & Facebook Messenger

Users who place orders through the company's website can opt-in to receive order notifications via WhatsApp or Facebook Messenger.

An example of how food delivery service Deliveroo uses an omnichannel communications strategy.

Source: [The Ultimate Guide to Omnichannel](#)

Trend #4: **A new era for consumer privacy**

The pendulum has swung when it comes to consumer trust and data privacy. From data breaches to the opaque marketplace of third-party data, consumers have become increasingly wary of how their information is being collected (and even more so of how it's being used).

As a result, regulations have been put in place to help protect user privacy in this digital-first era. We've seen this with the General Data Protection Regulation (GDPR) that was implemented by the European Union in 2018, which had businesses ask for permission to share customer data and gave users the right to access – and request the deletion of – said information. Similar privacy laws have also been gaining momentum in the U.S., like the California Privacy Act (with Virginia and Colorado following suit).

But these regulations are rapidly evolving, which makes it even more complicated for companies to keep up and ensure compliance across regions (especially for international organizations).



Tech companies have also heeded the call of putting up more guardrails around personal data, which we've seen with the ban on third-party cookies and cross-app tracking. Here's a brief timeline:

- In 2017, Apple implemented [Intelligent Tracking Prevention](#) for its browser, Safari, which automatically blocked third-party cookies and set first-party cookies to expire after seven days.
- In 2019, Mozilla rolled out [Enhanced Tracking Protection](#) for Firefox, which also blocks third-party cookies by default.
- In 2020, Apple announced [its iOS 14 update](#): users now had to explicitly grant app developers permission to share their phone's unique identifier (IDFA) for tracking and advertising purposes. While users could opt out of sharing their IDFA previously, this release switched it so users had to opt in.
- In 2020, Google announced that it would be ending individual-based, cross-site tracking on Chrome (which represents [~60% of the global market](#) share among web browsers).
- In 2021, Apple announced its [Mail Privacy Protection \(MPP\)](#), which allows consumers to choose what data is shared when using the Apple Mail app. This anonymizes open tracking and prevents email senders from fully understanding how MPP-enabled recipients are engaging with their businesses' emails.
- Google announces an extension for third-party cookies, with plans to phase out this form of tracking by 2024 (so the company has more time to test its alternative, [The Privacy Sandbox](#)).

Third-party cookies have long been the backbone of digital advertising strategies – and their eventual phaseout could catapult businesses back to square one when it comes to retargeting or supplementary revenue streams.

Email deliverability best practices

1. Authenticate your email domain using [SPF](#), [DKIM](#), and [DMARC](#)
2. Use a [dedicated IP address](#)
3. Don't purchase [email lists](#)
4. Only send to recipients who have explicitly opted-in to receive your messages
5. [Clean your lists](#) of disengaged, bounced, and invalid contacts

[Learn more >](#)



For instance, [disabling](#) third-party cookies could decrease programmatic ad revenue by a whopping 52% for the top 500 publishers worldwide (who've historically used digital ads to monetize their on-site content).

The loss of third-party cookies has sent many digital advertisers into a tailspin, dredging up questions of how they can personalize customer experiences without this tracking in place. But the truth is, this whole data-privacy-personalization paradox doesn't exist. [63% of consumers](#) say they appreciate personalization, as long as it's based on data they've shared with a business directly – that is, first-party data.

First-party data, or the data that's collected directly by your company, is not only the most valuable when it comes to understanding the customer experience but the safest (from both a legal and ethical standpoint). It lends itself to a more transparent customer relationship, one that doesn't leave consumers feeling spied on by some unknown entity.

Put simply, first-party data is the future for customer relationships (especially in a post-cookie world). Along with the trust it instills in your customers, it's also proven to be more effective than third-party data. One 2020 study from Boston Consulting Group (commissioned

by Google) found that the incremental revenue from a single ad placement [doubled when marketers leveraged their company's first-party data](#).

Along with this move to first-party data collection, we predict that more and more companies will focus on server-side tracking as a result. With the unreliability of client-side pixels due to ad blockers or browser crashes, server-side offers complete control over how data is shared between platforms – while offering the peace of mind of better accuracy.

To learn more about data compliance and digital advertising, check out [this article on Facebook's Conversion API](#).

Trend #5: **A need for speed and digital agility**

Historically, to capitalize on customer data, marketers had to enlist the help of developer and analyst teams to pull data and insights on their behalf. This process was often slow and dependent on both teams even having the time and resources to dedicate to a one-off request. Not to mention, it requires marketers to know exactly what data they need and when.

While that process has never been ideal, last year's unprecedented economic, political, and social changes proved that marketers need a better, quicker way to keep up with changing user sentiments and adapt their campaigns accordingly. Today, there's never been a more compelling business case for improving and investing in digital agility, or the ability to detect changing customer or market trends and adapt quickly and accordingly.



Digital agility: The ability of an organization to rapidly change, adapt, or pivot their teams and processes.

For marketing teams, achieving true digital agility ties back to our first trend: data autonomy. As mentioned earlier, having the right customer data platform can cut out middlemen and give marketers the ability to store, sort through, and act on customer data in real-time. With access to user insights, marketers can truly understand their customers and build better personalized experiences as a result.

Why does digital agility matter for marketing teams? With data autonomy and more agile processes, marketers can:

- End their dependency on other teams.
- Reduce the timeline between pulling data, forming insights, and taking action.
- Respond quicker to changing conditions and customer behaviors.
- Use real-time user insights to serve up personalized customer experiences.
- Make more data-driven decisions and drive business results.
- Increase team creativity, curiosity, and collaboration.

Imagine your team has an idea for an email. If you have to wait days for access to customer lists, purchase behavior, and stakeholder approval, your window of opportunity might

just pass you by. In order to prioritize speed, you need the right [email marketing](#) and analytics tools to help you plan, build, and send campaigns all from one platform. With Twilio Engage, you can easily create transactional and marketing emails based on behavioral triggers and customer audience segments, allowing you to run multiple targeted campaigns at once, deploy tests quickly, and leverage your customer data to the fullest.

Digital agility won't just affect the way you set up and launch marketing campaigns, it will also permeate the way your organization operates—pushing teams to experiment, learn, and collaborate more effectively. These practices will empower your business to keep up with and anticipate change while driving innovation both internally and for your customers.



Conclusion

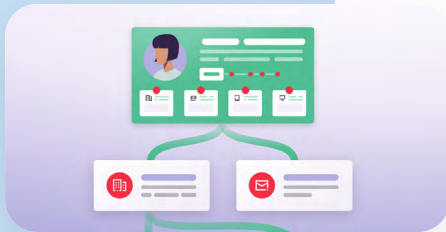
Connect with customers

For businesses, survival will always come down to their ability to meaningfully connect with customers. But now, there are new rules of engagement, especially when it comes to data collection, data quality, and activation.

The companies that will thrive in this new environment are the ones that not only harness the power of customer data, but make it accessible (and actionable) throughout their organization. Investing in the right data infrastructure and communications APIs will be essential for companies to scale and succeed.

Ready to meaningfully engage customers across channels? [Schedule a demo of Twilio Engage today.](#)

Recommended Reading



The Ultimate Guide to Omnichannel

In this guide, we cover what an omnichannel strategy looks like, how to implement it at scale, and real-life success stories from brands across industries.

[Download guide >](#)



The Growth Report 2022

In our annual Growth Report, Twilio Segment surveyed leaders from across industries about their strategy for sustainable, cost-effective growth.

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15 Ways to Use Data to Engage Your Customers

15 ways you can use Segment and Twilio to power your customer engagement strategy at every stage of the customer lifecycle.

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